LIVESTOCK GROSS MARGIN (LGM-DAIRY) INSURANCE

PROGRAM OVERVIEW

Protects against loss of Gross Margin
GROSS MARGIN = Milk Price - Feed Costs
  - LGM-Dairy Protects when Gross Margin Drops:
    MILK PRICES Drop and/or FEED COSTS Rise
*LGM does NOT protect against cattle death loss or any other cause of production loss.

HOW IT WORKS

LGM Dairy uses daily futures - Dairy uses daily futures prices from Chicago Mercantile Exchange (CME) to determine Gross Margin
- Class III for Milk
- Corn
- Soybean
Sets a FLOOR for Milk Price and a CEILING for feed costs

PURCHASING CRITERIA

It can be purchased up to 12 times a year. Each insurable contract's period is for milk production that markets over the following 11 months rolling period, though it covers 10 months or less. For example, insuring milk at end of April 2019

<table>
<thead>
<tr>
<th>Month</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase End of Month &amp; Production Covered (%)</td>
<td>50%</td>
<td>35%</td>
<td>45%</td>
<td>80%</td>
<td>70%</td>
<td>90%</td>
<td>100%</td>
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Each contract is purchased on the last business Friday of every month.
A report detailing the target marketings of milk, the corn, and soybean meal equivalents (to produce that milk in cwt) must be submitted to the LGM insurance agent.

TO FIND MORE INFORMATION VISIT:
HTTPS://BIT.LY/UIDairyRM